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EDP for P&S

Data processing centers:

Third choice for the EDP buyer

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Railroads and other computer users which neither wish to purchase their own computer hardware nor to lease it from the manufacturer have a third alternative open to them—the use, in effect, of someone else's computer. Established both by the major computer-component manufacturers and by independent data processing organizations, "do-it-yourself"-type data processing service centers are now open in most major U.S. cities.

In a recent address to the Purchasing Agents Association of Chicago, J. Edward Wilmotte, executive vice president of May & Speh data processing center of Chicago, described the capabilities and advantages of EDP service centers. Extracts of his remarks are reproduced here.

Generally speaking, companies which need data processing service centers can be classified into four major categories:

- The larger company which may have a complete integral data processing division itself, but which experiences EDP requirements of a "hill-and-valley" nature, resulting in peak loads that are not large enough to warrant the company's rental of additional equipment to accommodate the over-load;

- The company which has specialized reporting needs requiring sophisticated programming and computer processing on a one-shot basis or at least on infrequent occasions;

- The company which already is planning to install its own equipment but which needs the service bureau's facilities to test applications and to have theory and results proven before installing expensive equipment and hiring specialized personnel;

- The smaller company, the transactions of which require the speed, accuracy and economy associated with EDP but which are of such small volume as not to justify the expense of its own EDP equipment and personnel.

There are several ways in which one — or all — of these companies can use an EDP service center, but, in

general, it all boils down to two broad areas:

- A company can send the service center media in the form of original records;

- A company can send data in the form of already-punched paper tape, punched cards; mark-sensed cards, marked forms for card-creation or optical scanning, or magnetic tape.

Checklist for buyers

We believe that service centers can produce almost any type of job that industry requires, providing of course that there is sufficient volume to compensate for the cost of the system and for the set-up time required in the production of the project. There are, however, some items which you — and your company — may use to help you determine in which areas data center services may be of the most use:

One time jobs: These are the unexpected jobs that upset normal office routine and for which you are called upon to purchase outside assistance.

The over-load: Whether you do or do not have your own data processing department, there are jobs that get out of hand. Here, again, the service center can shoulder the burden and assist you in getting back to normal.

Small jobs: These are the jobs, of a routine nature, that are done daily, weekly, or monthly. They include production scheduling, perpetual inventory, cost analysis, payroll, labor distribution, billing, labeling, etc. These are sometimes classified as the nuisance jobs that do not add up to much, except frustration, but collectively,



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Material for Wilmotte's talk was based on articles published by *Modern Office Procedures*, *Systems*, and *Finance* magazines.—Editor.

they add up to many office hours. In the main, they do not justify an installation and the service center provides the economic intermediate answer.

Peak loads: This is the seasonal peak project that is anticipated and can be planned for, and referred to the service center to avoid delay and/or overtime in the office.

Unusual jobs: No doubt, you have been approached to purchase services to handle a processing problem that is new. Chances are, it is similar to one that a service center has solved for another industry. The service centers have experienced programmers, specialized operating personnel and the latest in electronic equipment, and have serviced hundreds of clients on hundreds of unusual jobs.

In my opinion, there is virtually no business too small to enjoy electronic data processing at a price it can afford. Electronic data processing centers have mushroomed in every metropolitan area of the country, and are serving a host of clients from the nation's largest concerns, to the neighborhood doctors, accountants and countless other vocations and professions.

Service at a saving

The reputable, and established, service center has two definite objectives: To provide you with service that will meet with the satisfaction of all concerned, and to provide this service at a price that is justified and conceivably, will result in a savings over other methods of producing.

To accomplish these objectives, the service center has geared its operations to provide a service that is guaranteed to produce results with the maximum speed, accuracy and economy. To do so, there must be specialized operating personnel, scientifically oriented programmers and the latest computers and peripheral machines — all co-ordinated and scheduled to obtain the maximum efficiency at the lowest possible expense.

Service centers extend their operations to let you participate in cost cutting. There are many low-cost pieces of data-capturing equipment that you can use in your own office without interfering with your current operations or routines. Some of these are the small tape punch adding machine, or a tape/card punch billing machine, or the new ledger posting systems that produce a punched card or a punched paper tape.

This type of document-creation equipment is important to consider, for small-volume projects, as an economical means to provide a service center with captured data that eco-

nomically can be converted to cards or used directly in the computer, and the desired reports produced.

Service centers are excellent training grounds for using new techniques and equipment. Most of them have the latest and the best; they have to because it is their business. The older and larger bureaus have amassed a wealth of experience and, as a result, solve problems for many companies which the latter, many times, cannot solve themselves.

There are a number of companies, and maybe yours is one already doing so, that could, or are, taking advantage of this knowledge and experience. They use service centers as springboards to work out the knots in their own systems.

To intelligently select the right service center, you must:

Define the problem. The main theme here is to ask yourself if it has any business on a computer at all? Is it sufficiently important to justify the time, effort, and the money necessary for an analysis? And how do you answer these two questions? One yardstick, and we believe it to be an excellent one, is to ask yourself what you expect the results to be in dollars saved, efficiency gained and time saved. And, how does that compare with the service center costs?

Take into consideration: Inquire of the data center the length of time it has been in business and the names of some of its clientele. Find out if the work was successful and if it was presented in an intelligent, useful format. Ask if the deadline was met and how the billing compared with the estimated costs.

Where will the data come from? No control program, marketing study, sales forecast (or any study for that matter) has any worthwhile value unless it contains considerable amounts of data. That means the selection of material is primarily your problem. A competent service center has consultants with broad experience that can contribute ideas as to the selection of data.

Long-range cost: A competent, proven service center representative will assist you in obtaining useful data at the lowest possible cost. He is interested in repeat business, and is going to give you the soundest advice possible. Purchase only what is useful.

Summary: Define the problem, its importance, and what you hope the results will be; **present it** to the service center requesting that they spell out the approach, time and costs to cover; **check the service center** by phoning a few of its clients; and **be sure** the bureau is interested in retaining you as a client for years to come. ■